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Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 /088 W
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R 140941Z FEB 75
FM AMEMBASSY NIAMEY
TO SECSTATE WASHDC 9995
INFO AMEMBASSY ABIDJAN
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY PARIS

C O N F I D E N T I A L NIAMEY 608

E.O. 11652: NGDS
TAGS: ENRG, NG
SUBJECT: NIGER/FRENCH URANIUM NEGOTIATIONS

1. DURING MEETING ON OTHER MATTERS FEBRUARY 12, FRENCH AMBASSADOR GASCHIGNARD INFORMED ME IN STRICTEST CONFIDENCE THAT NEGOTIATIONS CARRIED ON INTERMITTENTLY SINCE LAST OCTOBER REGARDING 1974 PRICES FOR NIGER'S URANIUM HAVE FINALLY CONCLUDED WITH AGREEMENT IN SIGHT. HE EXPECTS ANNOUNCEMENT WITHIN WEEK OR SO TO THAT EFFECT.

2. AGREEMENT CALLS FORNIGER'S PARTICIPATION IN SOMAIR TO INCREASE FROM 16.75 PERCENT TO 33.50 PERCENT, GIVING IT EQUAL SHARE WITH THE FRENCH ATOMIC ENERGY COMMISSION (CEA). LATTER HAS COMMITTED ITSELF TO PUT THE URANIUM IT PURCHASES FROM SOMAIR ON THE MARKET AT AN UNSPECIFIED HIGHER PRICE WITH UNDERSTANDING THAT INCREASED PROCEEDS WILL REVERT TO NIGER. GASCHIGNARD SAID HE PREFERRED NOT TO GIVE ME SPECIFIC FIGURES AT THIS POINT BUT NIGER'S BENEFITS FROM THIS ARRANGEMENT WILL BE "SEVERAL
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ADDITIONAL BILLION CFA". IT WAS AGREED THIS FORMULA WOULD BE

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USED TO SET 1975 PRICES.

3. AGREEMENT WILL REQUIRE CEA TO RENEGOTIATE CONTRACTS WITH ITS PURCHASERS. GASCHIGNARD ACKNOWLEDGED CEA IS GAMBLING ON GENERALLY UPWARD TREND IN MARKET PRICE OF URANIUM AND IF THIS DOES NOT MATERIALIZE, CEA WOULD FIND ITSELF IN AWKWARD SITUATION WITH NIGER.

4. DURING NEGOTIATIONS, GON THREATENED TO TAKE SOMAIR'S PRODUCTION AND SELL IT ON OPEN MARKET. GASCHIGNARD SAYS FRENCH CALLED THE BLUFF AND GON BACKED AWAY, BUT FRENCH ARE ENCOURAGING GON TO TAKE SMALL AMOUNT OF PRODUCTION, SUCH AS TWO OR THREE HUNDRED TONS, AND TRY OPEN MARKET. IN THIS CONNECTION, GASCHIGNARD THINKS LIBYANS HAVE BEEN ADVISING NIGER ON TACTICS AND URGING NATIONALIZATION. KOUNTCHE HAS TOLD GASCHIGNARD THAT HE PREFERS TO WORK WITH " SERIOUS CAPITALISTS WHO KNOW THEIR BUSINESS" THAN GAMBLE ON ADVICE OF REVOLUTIONAIRES TO NATIONALIZE. GASCHIGNARD ADDED NEGOTIATION WERE LENGTHY AND DIFFICULT BUT NOT ACRIMONIOUS. KEY NIGERIEN NEGOTIATORS WERE MINISTER OF DEVELOPMENT SANI SIDO ASSISTED BY SECRETARY OF STATE LOUTOU (WHO SEEMS TO BE PLAYING INCREASINGLY PROMINENT ROLE IN GOVERNMENT AFFAIRS) AND KOUNTCHE WHO MADE FINAL DECISIONS. BOTH SANI AND DOUNTCHE WERE TOUGH AND STUBBORN NEGOTIATORS AND ON SOME ISSUES WOULD NOT BUDGE.

5. GASCHIGNARD STRESSED SENSITIVITY OF THIS INFORMATION AT THIS TIME BECAUSE HE BELIEVES NIGER HAS OBTAINED A BETTER DEAL THAN GABON AND FRENCH HAVE NOT YET DECIDED HOW BEST TO COPE WITH ANTICIPATED GABON REACTION WHEN TERMS OF THE DEAL ARE ANNOUNCED.
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